



## AUDITOR'S OFFICE

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**JIM STASCHIAK II**  
CITY AUDITOR

Monday, May 01, 2017

Mr. James P. Slough  
President of Council

Honorable Members of City Council

Dear President Slough, Members of Council,

This report is part of a continuous effort to disclose the status of the outstanding debt for the City of Findlay. As of December 31, 2016 the outstanding debt amounted to:

**26 MILLION THREE HUNDRED THIRTY SEVEN THOUSAND DOLLARS**

The City of Findlay does not borrow monies for operating purposes. Outstanding debt generally represents financing for capital improvements.

This report, while not statutorily required, is unaudited and simply intended to inform. Please feel welcome to call if you should have any questions regarding its content.

Sincerely,

Jim Staschiak II  
City Auditor

# CITY OF FINDLAY - HANCOCK COUNTY OHIO

## DEBT SUMMARY AS OF FISCAL YEAR ENDING 12/31/2016

Account Number	Original Amount	Fund	Loan Date	Description	Principal Outstanding	Redempti on/ Call Date	Maturity Date	Interest Cost	Type
23035000	\$144,000	CIT-CI	12/31/04	CRYSTAL/MELROSE INTERSECTION	\$54,000	None	2024	0.0%	OPWC
23065000	\$149,663	CIT-CI	12/31/06	HOWARD STREET IMPROVEMENTS	\$71,090	None	2026	0.0%	OPWC
23060110	\$2,340,000	CIT-CI	08/20/16	HRC (CUBE) REHAB DEBT SERVICE	\$2,170,000	7/1/2026	2033	2.57%	GO
23060210	\$700,000	CIT-CI	08/20/16	CR 236 LAND DEBT SERVICE	\$640,000	7/1/2026	2033	2.57%	GO
23060310	\$3,355,000	CIT-CI	08/20/16	CR 236 WIDENING DEBT SERVICE	\$3,245,000	7/1/2026	2028	2.57%	GO
23060410	\$1,805,000	CIT-CI	08/20/16	5-PLEX DIAMONDS	\$450,000	None	2018	2.57%	GO
23056000	\$518,006	CIT-CI	06/30/11	ENERGY SAVINGS PROGRAM BOND 'A'	\$208,541	None	2019	2.96%	GO
23056100	\$518,005	CIT-CI	06/30/11	ENERGY SAVINGS PROGRAM BOND 'B'	\$518,005	None	2026	5.40%	GO
<b>TOTAL CAPITAL IMPROVEMENTS (CIT-CI)</b>					<b>\$7,356,636</b>				
25052800	\$2,000,000	WATER	04/03/14	WTP CLEARWELLS	\$1,210,000	None	2019	0.96%	GO
25051510	\$3,785,000	WATER	04/04/14	2014 REFUNDING OF 03 ISSUE	\$625,000	None	2018	0.96%	GO
25051000	\$158,500	WATER	12/31/99	CENTER STREET WATERLINE	\$27,738	None	2020	0.0%	OPWC
25051700	\$30,598	WATER	12/31/01	1ST, 2ND, 3RD, ST. WATERLINE	\$8,415	None	2022	0.0%	OPWC
25050200	\$138,775	WATER	01/01/03	MAIN STREET WATERLINE	\$38,287	None	2022	0.0%	OPWC
25050600	\$200,000	WATER	12/31/03	SHERMAN PARK WATERLINE	\$70,000	None	2024	0.0%	OPWC
25050800	\$200,000	WATER	12/31/05	BROAD AVENUE WATERLINE	\$85,000	None	2025	0.0%	OPWC
25050900	\$193,590	WATER	08/06/08	W MELROSE WATERLINE	\$116,154	None	2028	0.0%	OPWC
25050700	\$184,859	WATER	07/16/08	CR 144 WATERLINE	\$120,158	None	2029	0.0%	OPWC
25052600	\$3,656,097	WATER	10/27/05	WATER TREATMENT PLANT IMPROVEMENTS	\$2,336,783	None	2026	3.25%	OWDA
25052400	\$1,625,000	WATER	09/30/11	2011 WATER REFUNDING OF 1998 DEBT	\$485,000	None	2018	1.95%	GO
<b>TOTAL WATER</b>					<b>\$5,122,534</b>				
25061200	\$1,350,000	WPC	04/03/14	BAR SCREENS	\$820,000	None	2019	0.96%	GO
25060910	\$9,020,000	WPC	10/20/04	2014 REFUNDING OF NORTH CORRIDOR 04 ISSUE	\$710,000	None	2017	0.96%	GO
25060300	\$32,470,000	WPC	01/01/02	2000 EPA LOAN DEBT SERVICE	\$10,898,558	None	2021	4.36%	EPA, OWDA
25060200	\$3,597,546	WPC	08/30/01	2001 EPA LOAN DEBT SERVICE	\$1,307,578	None	2023	1.73%	EPA, OWDA
<b>TOTAL WPC (SEWER)</b>					<b>\$13,736,136</b>				
28020000	\$191,896	SPECIAL	09/10/12	2010 HUNTERS CREEK PROJ	\$122,000	None	2022	2.79%	GO
<b>TOTAL SPECIAL ASSESSMENTS</b>					<b>\$122,000</b>				
<i>Have stated for the record no plans to issue debt in near future</i>									
<b>TOTAL BOND ANTICIPATION NOTES</b>					<b>\$0</b>				
<b>TOTAL DEBT OUTSTANDING 12/31/14</b>					<b>\$26,337,306</b>				

# DEBT REVIEW 2017

Annual overview of the debt  
outstanding as of

12/31/2016





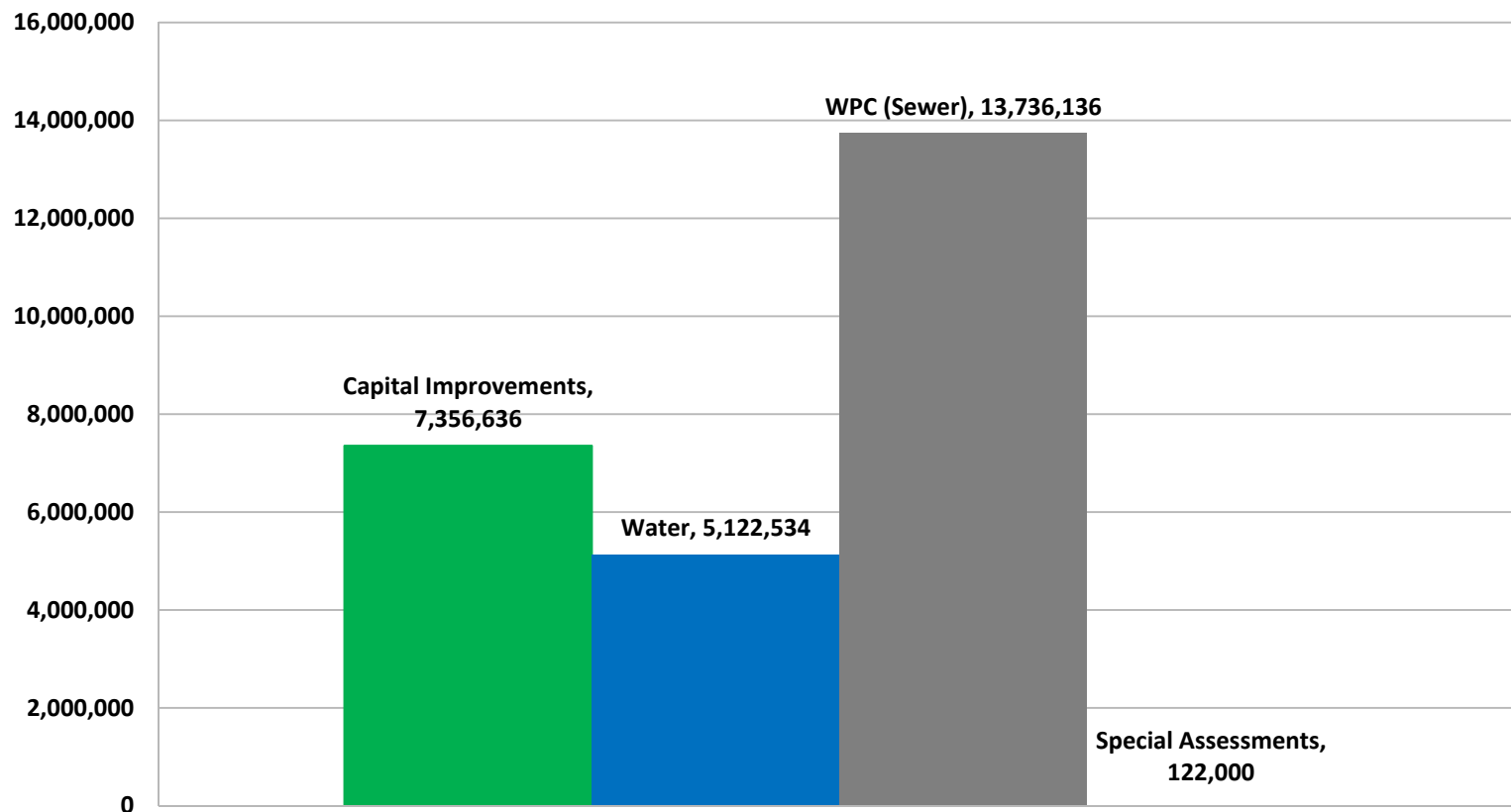
# Debt Review 2017

**TOTAL DEBT as of**  
**12/31/16**  
**\$26,337,306**



# Debt Review 2017

## Total Outstanding Fund Debt as of 12/31/16





# Debt Review 2017

## ▣ DEBT IN GENERAL

- ▣ City has stated it has no plans for additional debt in near future
- ▣ Once 5-year operations forecast in place the City can project potential needs for future debt
- ▣ Capital plan should note potential major projects up to 10 years in order to plan for debt capacity needed
  - ▣ There has been little or no discussion on money needed from City for future jail costs and flood mitigation





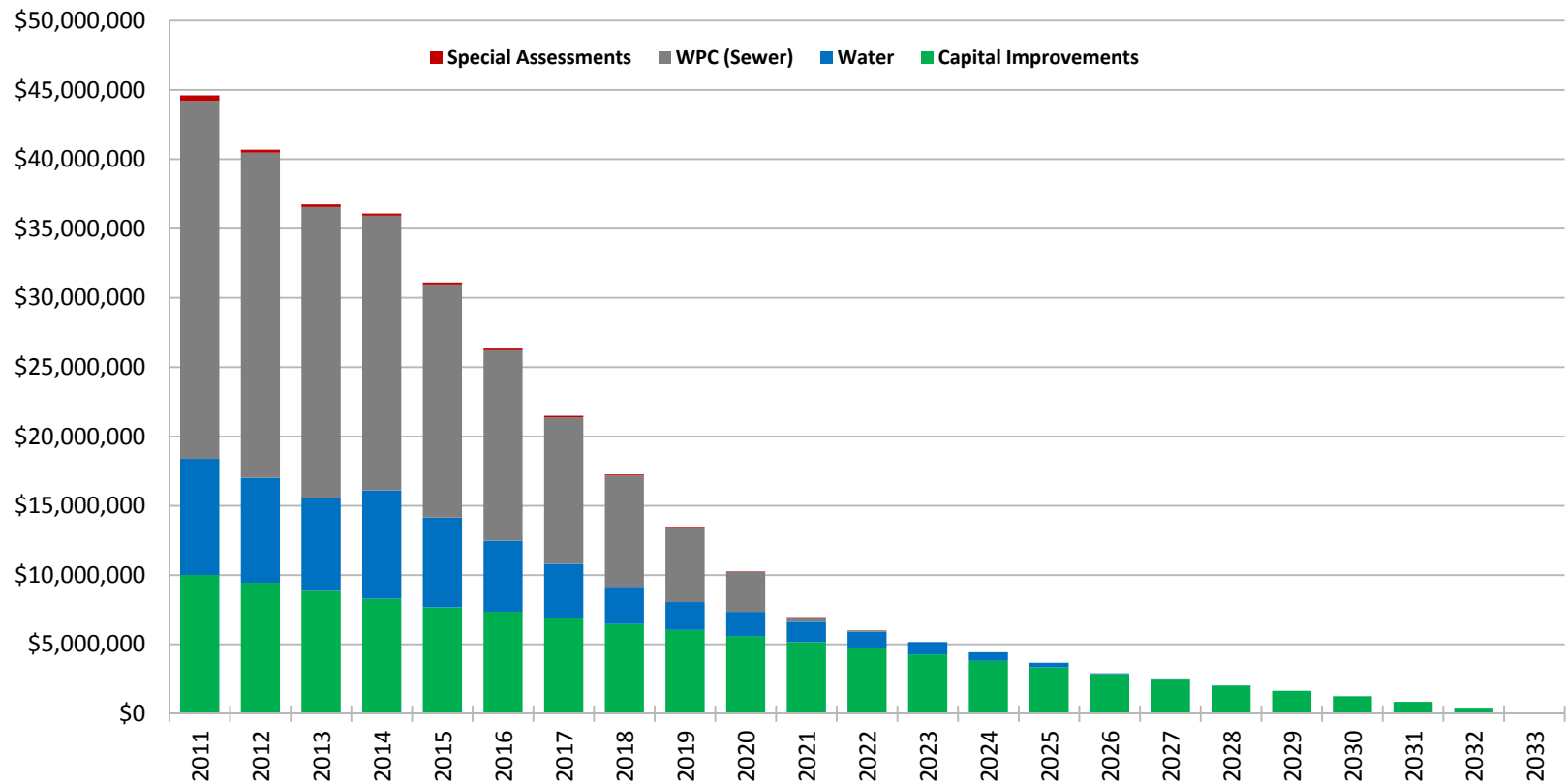
# Debt Review 2017

- ▣ GENERAL CAPITAL IMPROVEMENTS
  - Current allocation is 20% of net City Income Tax with no plan to increase over next few years
  - 2017 debt payments 14.2% of revenue, before transfer of the additional \$1,000,000 of General Fund money. Council policy states not to exceed 33% of revenue
  - Next opportunity to call (refi) or redeem in 2026



# Debt Review 2017

## Total Outstanding Principal at Year End

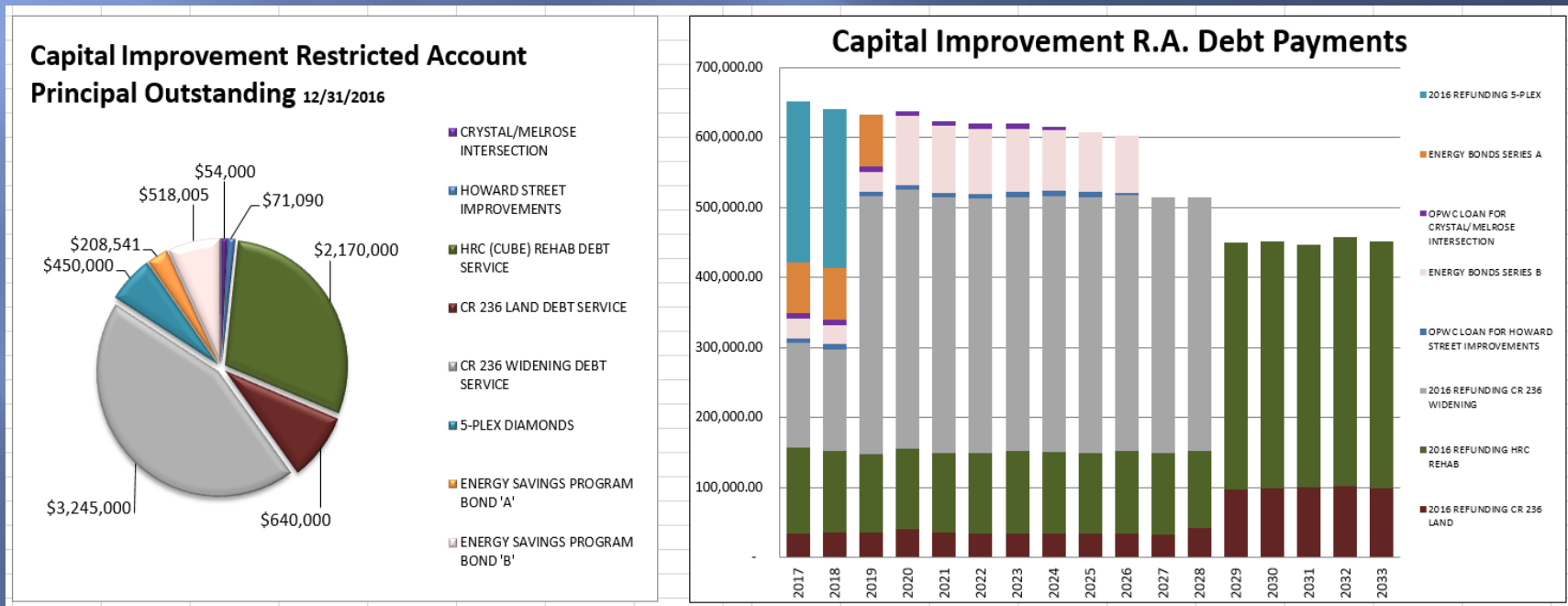






# Debt Review 2017

- ▣ CIT Fund - Capital Improvement Restricted Account
  - Debt projected at 11.6% of available revenues for 2017

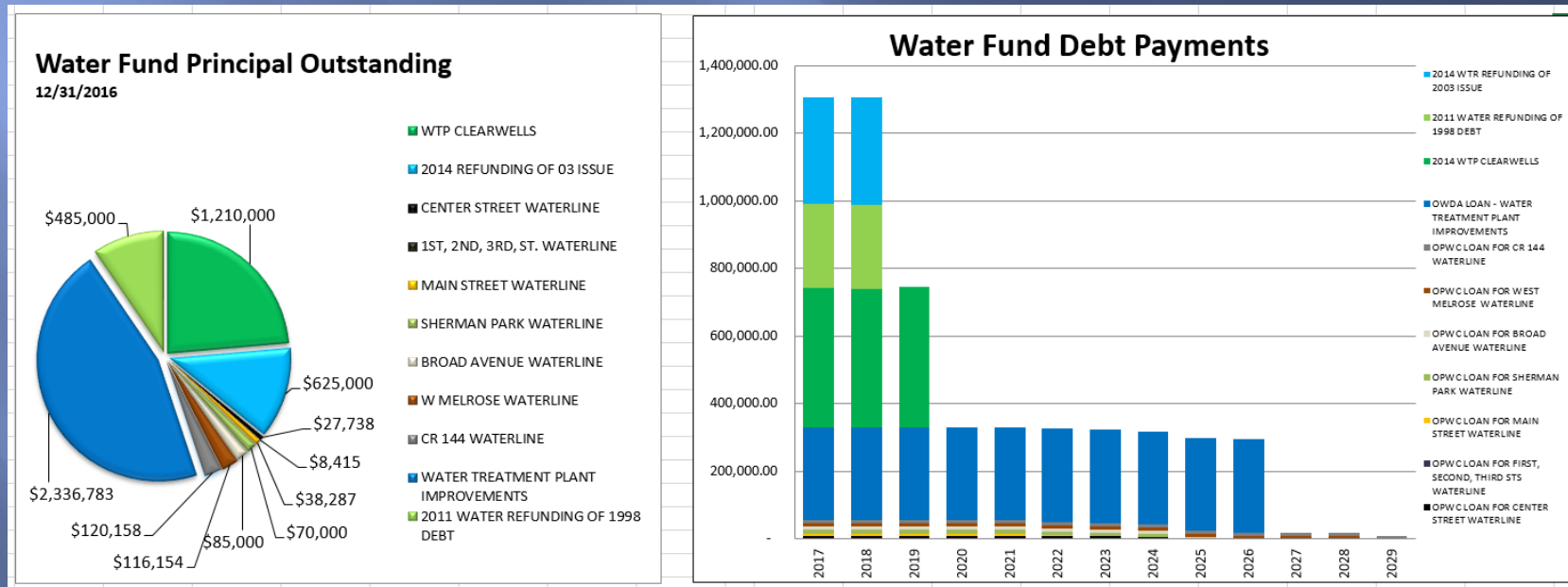




# Debt Review 2017

## WATER FUND

- Debt projected at 15.7% of available revenues for 2017

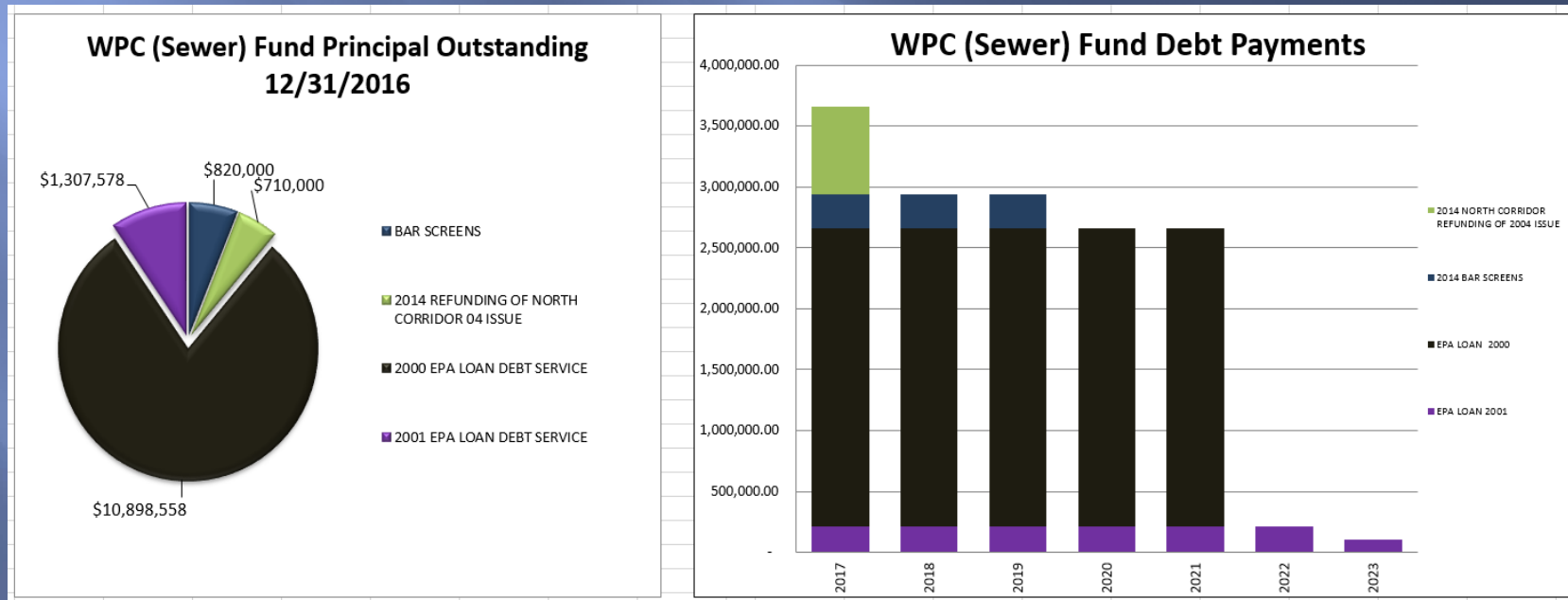




# Debt Review 2017

## ▣ WPC (Sewer) FUND

- ▣ Debt projected at 38.4% of available revenues for 2017

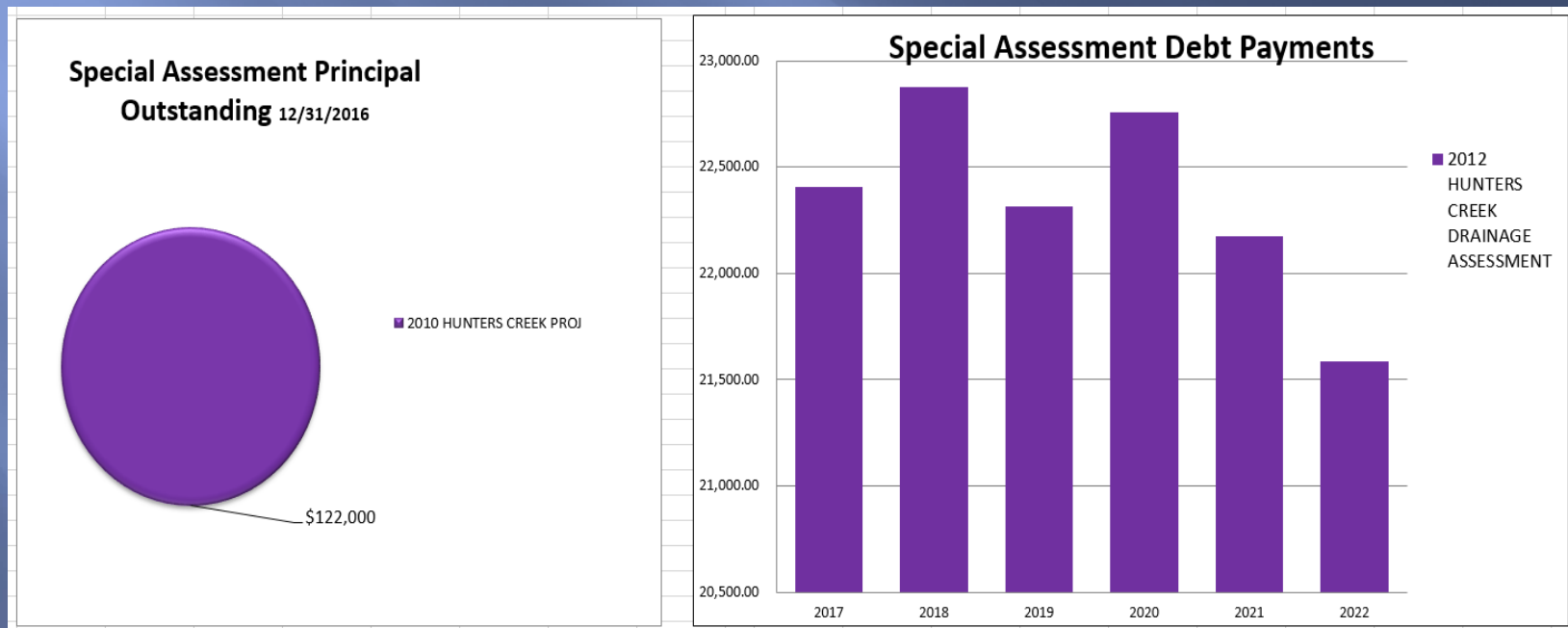




# Debt Review 2017

## ▣ SPECIAL ASSESSMENTS

- ▣ Special Assessments are paid through real estate tax collections; however, are fully backed by the City of Findlay





# Debt Review 2017

## Tax Increment Financing or TIF

*is a method to use future gains in taxes to subsidize current improvements, which are projected to create the conditions for said gains. The completion of a public or private project often results in an increase in the value of surrounding real estate, which generates additional tax revenue*





# Debt Review 2017

## ▣ COUNTY RD 236 TIF

▪ Original Loan Principal 2008	\$4,055,000.00
▪ Principal Balance 12/31/16	\$3,885,000.00
▪ Payments Received 2016	\$71,782.93
▪ Debt Payments made 2016	Debt Refunded
▪ <b>SHORTFALL</b> covered by City	\$1,192,741.98
(Amounts owed to CIT Fund-C.I.R.A. & County Permissive)	



# Debt Review 2017

## Summary Points for Consideration by City of Findlay

- Water and Sewer utilities will be effectively debt free in just a few years and have a very high amount of cash.
  - Council should require these two enterprise funds provide the 5-year operations forecast required per Council's Resolution 002-2014 (originally Resolution 007-2008)
- Recession and low rate environment allowed for debt savings of approximately one million dollars since 2011
- A very large cash payment on principal balance in 2008 was a major part of reason the 2010 temporary 1/4% income tax increase was necessary
- Findlay City Council has no long term plan over next 3-5 years for operations funding
- Best Practices dictate planning should be complete prior to decisions being made that have a long term impact. City of Findlay has not completed long term financial planning
- ESID legislation was passed in 2016 with the intention of not taking on debt for this program by the City of Findlay for private sector use.